

Senate File 50 - Introduced

SENATE FILE 50
BY WHITING

A BILL FOR

1 An Act concerning hotel and motel taxation, providing for other
2 properly related matters including the creation of a local
3 hotel and motel tax account and board to administer locally
4 imposed hotel and motel taxes, and including applicability
5 provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423A.5A, subsection 3, Code 2021, is
2 amended to read as follows:

3 3. Unless otherwise provided in this section, the
4 lodging provider shall obtain a sales tax permit, collect the
5 state-imposed tax under section 423A.3 and any locally imposed
6 tax under section 423A.4 shall be collected by the lodging
7 provider from the user of that lodging, and shall be remitted
8 remit the tax to the department. The lodging provider shall
9 add the state-imposed tax to the sales price of the lodging and
10 the tax, when collected, shall be stated as a distinct item,
11 separate and apart from the sales price of the lodging and from
12 the locally imposed tax, if any. The lodging provider shall
13 add the locally imposed tax, if any, to the sales price of
14 the lodging and the tax, when collected, shall be stated as a
15 distinct item, separate and apart from the sales price of the
16 lodging and from the state-imposed tax.

17 Sec. 2. Section 423A.5A, subsection 4, paragraph e, Code
18 2021, is amended to read as follows:

19 e. Notwithstanding any other provision of this section
20 to the contrary, if a lodging facilitator and its affiliates
21 facilitate ~~total~~ rentals under this chapter and chapter
22 423C ~~that~~ , the lodging facilitator shall not be required to
23 collect tax on the amount of sales price that represents the
24 lodging facilitator's facilitation fee under the following
25 circumstances:

26 (1) In a county with a population of fifteen thousand
27 or less, if the total rentals are equal to or less than an
28 aggregate amount of sales price and rental price of ten
29 thousand dollars for an immediately preceding calendar year
30 or a current calendar year, or in ten or fewer separate
31 transactions for an immediately preceding calendar year or
32 a current calendar year, the lodging facilitator shall not
33 be required to collect tax on the amount of sales price that
34 represents the lodging facilitator's facilitation fee.

35 (2) In a county with a population greater than fifteen

1 thousand, if the total rentals are equal to or less than an
2 aggregate amount of sales price and rental price of five
3 thousand dollars for an immediately preceding calendar year
4 or a current calendar year, or in five or fewer separate
5 transactions for an immediately preceding calendar year or a
6 current calendar year.

7 Sec. 3. Section 423A.7, subsection 3, Code 2021, is amended
8 to read as follows:

9 3. Moneys received by the city or county from this fund
10 shall be credited to the general fund of the city or county,
11 subject to the provisions of [subsection 4](#).

12 Sec. 4. Section 423A.7, subsection 4, paragraphs a and b,
13 Code 2021, are amended by striking the paragraphs and inserting
14 in lieu thereof the following:

15 a. A city or county that levies the tax shall establish a
16 hotel and motel tax account within the general fund of the city
17 or county. All of the revenues received by the city or county
18 pursuant to subsection 2 shall be deposited into the account.
19 Interest earned on revenues deposited in the account shall
20 remain in the account and be used for the purposes specified in
21 this section.

22 b. (1) The governing authority of each city or county that
23 levies the tax shall establish a hotel and motel tax board
24 comprising of an even number of members, but in no event shall
25 the board be less than four members, to spend at least fifty
26 percent of the revenues in the account on the promotion of
27 tourism in the city, county, or surrounding areas. One-half of
28 the members of the board shall be from the tourism industry,
29 and one-half of the members of the board shall be local hotel,
30 motel, or resort owners, or be designees of such owners.

31 (2) The remaining revenues not subject to subparagraph (1)
32 may be spent by the city or county that levies the tax for any
33 city or county operation authorized by law as a proper purpose
34 for the expenditure within statutory limitations of city or
35 county revenues derived from ad valorem taxes.

1 Sec. 5. Section 423A.7, subsection 4, paragraphs c and e,
2 Code 2021, are amended to read as follows:

3 c. Any city or county which levies and collects the local
4 hotel and motel tax authorized by [section 423A.4](#) may pledge
5 irrevocably an amount of the remaining revenues derived
6 ~~therefrom~~ from the local hotel and motel tax as set forth in
7 paragraph "b", subparagraph (2), for each of the years the bonds
8 remain outstanding to the payment of bonds which the city or
9 county may issue ~~for one or more of the purposes set forth in~~
10 paragraph "a" for the purpose of promoting tourism or for any
11 other purpose authorized by law. Any revenue pledged to the
12 payment of such bonds ~~may~~ shall not be credited to the spending
13 requirement of paragraph "a" "b", subparagraph (1).

14 e. A city or county, jointly with one or more other cities
15 or counties as provided in [chapter 28E](#), may pledge irrevocably
16 any amount derived from the remaining revenues of the local
17 hotel and motel tax as set forth in paragraph "b", subparagraph
18 (2), to the support or payment of bonds issued for ~~a project~~
19 ~~within the purposes set forth in paragraph "a" and located~~
20 ~~within one or more of the participatory cities or counties~~
21 ~~or may apply the proceeds of its bonds to the support of any~~
22 ~~such project~~ the purpose of promoting tourism or for any other
23 purpose authorized by law. Revenue so pledged or applied shall
24 not be credited to the spending requirement of paragraph "a"
25 "b", subparagraph (1).

26 Sec. 6. NEW SECTION. 423A.8 **Good-faith effort to collect**
27 **tax.**

28 A land use district, city, or county, including a city
29 or county acting jointly with other local governments, shall
30 expend a portion of the remaining revenues of the local hotel
31 and motel tax in section 423A.7, subsection 4, paragraph "b",
32 subparagraph (2), for paid advertisements or public service
33 announcements that disseminate information about the law
34 requiring lodging providers to obtain a permit and to collect
35 the state and locally imposed taxes under this chapter.

1 by the city or county pursuant to the locally imposed hotel
2 and motel tax be deposited into the account. Moneys in the
3 account are not subject to transfer to any other accounts or
4 to any other funds established by a city or county unless such
5 transfer is for a purpose specified by law.

6 The governing authority of each city or county which levies
7 the hotel and motel tax shall also establish a hotel and motel
8 tax board to spend at least 50 percent of the revenues in the
9 account on the promotion of tourism in the city, county, or
10 surrounding areas. One-half of the members of the board shall
11 be from the tourism industry, and one-half of the members of
12 the board shall be local hotel, motel, or resort owners, or be
13 designees of such owners.

14 The remaining revenues not subject to expenditure by the
15 hotel and motel tax board created in the bill shall be spent,
16 as required by current law, by the city or county on any city
17 or county operations authorized by law as a proper purpose for
18 the expenditure within statutory limitations of city or county
19 revenues derived from ad valorem taxes.

20 The bill also allows an amount of the remaining revenues not
21 subject to expenditure by the hotel and motel tax board created
22 in the bill to be irrevocably pledged to the servicing of bonds
23 to promote tourism or for any other purposes authorized by
24 law. The bill specifies a city or county may enter into 28E
25 agreements or jointly service such bonds with other cities or
26 counties.

27 The bill requires a portion of the remaining revenues not
28 subject to expenditure by the hotel and motel tax board created
29 in the bill to be spent for paid advertisements or public
30 service announcements that disseminate information about the
31 law requiring lodging providers to obtain a permit and collect
32 state and locally imposed hotel and motel taxes.